Unemployment rate falls to 4.1%

Media Release

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Source: Labour Force, Australia, December 2025

The seasonally adjusted unemployment rate fell to 4.1 per cent in December, according to data released today by the Australian Bureau of Statistics (ABS).

Employed people were up 65,000 in December, with both full-time (55,000 people) and part-time (10,000 people) employment contributing to this rise.

Sean Crick, ABS head of labour statistics, said: 'This month we saw more 15-24 year olds moving into employment, contributing to the rise in overall employment and the fall in the unemployment rate.'

The growth in employment was driven by male employment, which rose by 49,000 people, while female employment recorded a smaller increase of 17,000 people.

'The growth in employed people led to the participation rate rising slightly to 66.7 per cent. This was despite a 30,000 person drop in unemployment,' Mr Crick said.

'The number of hours worked was up by 0.4 per cent, in line with the 0.4 per cent rise in employment.'

'In December 2025, seasonally adjusted monthly hours worked reached a record high of over 2 billion hours for the first time.'

Underemployment and underutilisation both fall in December

The underemployment rate fell 0.5 percentage points to 5.7 per cent in December.

'Fewer young people were underemployed in December, with the 15-19 year old underemployment rate falling by 2.1 percentage points to 17.4 per cent,' Mr Crick said.

For all ages, the male underemployment rate fell by 0.8 percentage points to 4.6 per cent, and the female underemployment rate fell by 0.1 percentage points to 6.9 per cent in December.

The underutilisation rate, which typically exhibits greater month-to-month changes than other labour force indicators, fell to 9.8 per cent in December, down 0.7 percentage points.

Trend unemployment rate down to 4.2 per cent

'The trend unemployment rate fell marginally to 4.2 per cent in December,' Mr Crick said.

'Trend employment grew by around 25,000 people, or 0.2 per cent, in December, and 1.2 per cent in the last 12 months.

‘Monthly hours worked rose 0.2 per cent, in line with the 0.2 per cent increase in employment.

‘Annually, the number of hours worked grew by 1.0 per cent, which was slightly below the 1.2 per cent rise in employment.’

In trend terms, the participation rate stayed at 66.8 per cent in December.

The trend underemployment rate continued to sit at 5.9 per cent, remaining unchanged for the whole of 2025. The underutilisation rate stayed at 10.1 per cent in December.

More information, including regional labour market data, will be available in the upcoming December 2025 issue of Labour Force, Australia, Detailed, on Thursday 29 January 2026.

We thank everyone who participated in and supported this survey.

Media notes

- The December survey reference period was from 23 November 2025 to 6 December 2025.
- The January survey reference period was from 4 January 2026 to 17 January 2026.
- The ABS defines population as the resident civilian population aged 15 years and over when reporting labour force statistics.
- Numbers may not be additive due to rounding.
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